



# Legislative *Perspective*

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## General Fund Update

Through the end of September, General Fund revenues have exceeded the Division of Financial Management's forecast by \$22.9 million. DFM released a revised revenue estimate in August that projected a 3.4 percent increase over FY 2006. Subsequent to the special session and the passage of H 1, which increased the sales tax to 6 percent, the revenue estimate was raised to 9.5 percent, for a \$354,898,000 increase over the original estimate of 4.7 percent used to set FY 2007 appropriations. H 1 also appropriated an additional \$250.6 million to public schools to replace the maintenance and operation levy and transferred \$100 million to the Public Schools Stabilization Fund.

Several state agencies have submitted requests for supplemental funding for FY 2007. The Legislature will be considering additional funding for the Department of Correction for inmate medical contracts and fuel costs. The Department of Health and Welfare is requesting additional funding for personnel costs for adult mental health and funding to comply with Centers for Medicare and Medicaid (CMS) audit findings. In a positive development, the department will be returning \$7.8 million from excess provider payments in the Medicaid program. The Department of Lands is requesting \$9.75 million for fire suppression, and the State Board of Education is requesting funding related to the Idaho Standards Achievement Test (ISAT) contract.

*Staff Contact: Cathy Holland-Smith*

### FISCAL YEAR 2007 ESTIMATE

<b>REVENUES</b>	<b>Sine Die Estimate</b>	<b>Current Estimate</b>
1. Beginning Balance	\$ 120,466,300	\$ 309,501,900
2. FY 2007 original revenue estimate (4.7% increase)	2,307,602,000	0
3. FY 2007 revised revenue estimate (9.5% increase )	26,175,000	2,662,500,000
4. Water package repayments	22,072,100	21,300,000
5. Transfer to Public Schools Facilities Fund	(24,000,000)	(24,000,000)
6. Transfer to Econ Recovery Fund (Econ Dev Pkg)	(23,864,200)	(23,864,200)
7. Transfer to Public Education Stabilization Fund	(10,000,000)	(10,000,000)
8. Transfer to Permanent Building Fund	(21,000,000)	(21,000,000)
9. Other changes to revenue / H&W reversion	(4,352,300)	1,497,300
10. Transfer to Budget Stabilization Fund	0	(12,917,600)
11. H 1 Transfer to Public Educ Stabilization Fund	0	(100,000,000)
12. Total Estimated Revenues	\$ 2,393,098,900	\$ 2,803,017,400
<b>EXPENDITURES</b>		
13. FY 2007 Original Appropriation	\$ 2,343,077,800	\$ 2,343,077,800
14. Reappropriations		10,844,000
15. H 1 Property Tax Relief		250,645,700
16. Supplemental appropriation estimates:		
17. Office of the State Board of Education		2,800,000
18. Medicaid		(7,800,000)
19. Other Health & Welfare		3,600,000
20. Corrections		2,100,000
21. Fire Suppression		9,750,000
22. Total Estimated Expenditures	\$ 2,343,077,800	\$ 2,615,017,500
23. <b>ESTIMATED ENDING BALANCE</b>	\$ 50,021,100	\$ 187,999,900

## GARVEE Scope Likely to be Adjusted

In 2006, the Legislature authorized the use of \$200 million in GARVEE bond proceeds to begin work on six highway transportation projects across the state (H 854). At its September 28 meeting, JFAC heard from the Governor's office that Governor Risch will likely propose that the scope of the GARVEE program be adjusted in light of new and higher project cost estimates. The Legislature, consequently, will address the GARVEE program during the 2007 legislative session with revised estimates for project costs. The higher estimates will impact the extent to which GARVEE funding can address projects itemized in H 854 (2006).

*Staff Contact: Eric Milstead*

**Higher cost estimates will impact the extent to which GARVEE funding can address projects itemized in the authorizing legislation.**

## Bonds Sold for Capitol Restoration

The timeline for the Capitol Restoration project continues on target. On September 27, 2006, the Idaho State Building Authority voted 5-1 in favor of the \$130 million bond resolution. The bonds went on sale the following morning to Idaho residents only, and nearly \$34 million worth of bonds were sold almost immediately. Later that same day, the sale opened to non-Idaho investors and the remaining bonds were sold. The entire settlement was closed by the end of the week, thus enabling the Capitol Restoration Project to officially proceed.

The Capitol Annex (Ada County Courthouse) project continues to move forward, with GUHO Corporation being selected as the general contractor. GUHO has already begun work on the building and anticipates that the first phase will be complete by May of 2007. As a result, plans to relocate the legislative branch into the Capitol Annex at the close of the 2007 legislative session are right on schedule.

*Staff Contact: Robyn Davis*

## Interim Committee Activities

### Energy, Environment and Technology

The Energy, Environment and Technology Interim met October 6, 2006, as part of the Association of Idaho Cities Energy Symposium. The committee heard reports from four subcommittees: conservation and demand-side management; generation involving conventional sources and renewables; siting generation and transmission facilities; and transportation fuels and natural gas. A fifth subcommittee, charged with drafting a state energy plan, will meet on October 30, 2006, from 9:00 a.m. to 1:30 p.m. in the House Majority Caucus Room at the Statehouse in Boise.

The committee's next regular meeting is scheduled on November 15, 2006, from 8:00 a.m. to 4:00 p.m. PST in Post Falls. The committee will hear the report of its drafting subcommittee and begin to craft a state energy plan.

*Staff Contact: Mike Nugent*

## Community Colleges

The fifth meeting of the Community Colleges Interim Committee was held in Boise on October 3, 2006. Cathy Holland-Smith, Legislative Services Office, gave the committee an update on the General Fund and an estimate of revenue projections based on a 3 percent growth factor. Even though time was allotted for the purpose, no public testimony was given.

Several committee members presented draft legislation for consideration. Most of the drafts offered changes to the current system, such as providing additional access to community college courses, adjusting local board of trustee election dates and lengths of terms, lowering the percentage of votes needed to form a community college district, and providing an income tax credit for taxes paid to a community college district. One draft created a statewide community college system supported by the General Fund and a portion of sales tax revenues.

Following a presentation by the State Board of Education on scholarship programs, there was general discussion on need-based and merit-based scholarships and how financial aid is another path to providing access to a college education.

The committee will review additional draft legislation and formulate recommendations at its final meeting, which is scheduled on November 10, 2006, in the JFAC Room (328) of the Statehouse in Boise.

*Staff Contact: Maureen Ingram*

## Health Care Task Force

The Health Care Task Force met on September 12, 2006. The discussion first focused on indigent health care funding in Idaho. Cathy Holland-Smith, Legislative Services Office, and Blake Hall, Catastrophic Health Care Cost Program, discussed the program's history and current operations. Tony Poinelli, Idaho Association of Counties, presented information regarding county financial responsibilities for indigent health care. Bob Seehusen, Idaho Medical Association, and Karla Terry, Idaho Hospital Association, discussed the provision of and financial responsibility for indigent health care from the perspectives of physicians and hospitals. Dr. James Schroeder, Idaho Primary Care Association, addressed the role of community health centers in providing health care services to the uninsured and underinsured population in Idaho.

Ned Parrish, Office of Performance Evaluations, explained the parameters for and progress of the Health Care Cost Study Project that was requested by the task force. Laren Walker, American/IEC Group, updated task force members on the financial and claims status of the high risk reinsurance pool. Patti Campbell, Department of Health and Welfare, reviewed upcoming changes to the CHIP Plan B and Access Card programs. Tom Donovan, Department of Insurance, discussed draft rules applicable to health care coverage for newborns and newly adopted children with cleft palates. Paul Leary, Department of Health and Welfare, provided an overview of the implementation status of Medicaid reform.

*Staff Contact: Caralee Lambert*

**Membership of interim committees, meeting minutes and the calendar of scheduled meetings are all available on the Legislature's Web site:**

**[Interim Committees and Minutes](#)**

**[Legislative Calendar](#)**

## Mental Health and Substance Abuse Interim Committee

The Mental Health and Substance Abuse Interim Committee met in Blackfoot at State Hospital South on August 15 and in Orofino at State Hospital North on September 19. At its August meeting, Administrator Tracy Farnsworth discussed State Hospital South's history and current funding and operations. Leslie Clement, division administrator for Medicaid, reviewed the coverage, service delivery and utilization that Medicaid provides for mental health and substance abuse treatment services.

Cathy Holland-Smith and Dick Burns, Legislative Services Office, presented an overview of the budget and recent history of the budgeted programs within the Department of Health and Welfare, Department of Correction, Department of Juvenile Corrections and Department of Education as they relate to mental health services and substance abuse. District Judges Randy Smith and Bryan Murray presented the judicial perspective of the current mental health and substance abuse system. Mary Beth Wells, Department of Education, reviewed the Infant and Early Childhood Mental Health System of Care. Gary Crow and Robert Sidwell discussed the programs offered by the division and the individuals currently accessing these programs.

Pediatrician Dr. John Hanks discussed the Mental Health Access to Children (MATCH) and Suicide Prevention Action Network of Idaho (SPAN IDAHO) programs. Doug Call, National Alliance of Mental Illness (NAMI), presented some of the barriers facing families with children who have a mental illness in terms of accessing proper care. Lynne Whiting, Idaho Federation of Families for Children's Mental Health, explained the group's purpose and the opportunities it provides to families and children. Cynthia McCurdy, Idaho Council for Children's Mental Health (ICCMH), discussed the gaps in the current mental health treatment system and options, such as wraparound services, to improve the system. Dr. Linda Hatzenbuehler, Idaho State Planning Council on Mental Health and ICCMH, discussed efforts to transform the mental health system so that it becomes more consumer and family driven. Crista Henderson briefed the committee on the progress of the Mental Health Transformation Group.

At its September meeting, the committee heard from Judge John Bradbury regarding what he viewed as the shortcomings of the current mental health care system. County responsibility for mental health and substance abuse services was addressed by Teresa Wolf, Nez Perce County indigent director. Kathleen Allyn, Department of Health and Welfare, discussed changes to the current system and a proposed mental health and substance abuse system design. Carol Moehrle, North Central District Health Department, discussed models of community-based systems such as the public health districts in the state.

The next meeting of the committee is scheduled for Tuesday, October 31, in Boise. At that time, the committee will discuss various proposals and make recommendations to be included in its final report.

*Staff Contact: Caralee Lambert*

**At its September meeting, the Health Care Task Force discussed indigent health care funding, financial responsibility of counties and hospitals, claims status of the high risk reinsurance pool and upcoming changes in Health and Welfare children's programs.**

## Legislative Audits Report

The Legislative Audits Division recently released audit reports for the Idaho Wheat Commission and North Central District Health Department (II). The health district had one finding and recommendation regarding federal grant expenditures not being spent in accordance with the grant agreement. The audit found that \$86,811 was unallowable by terms of the grant. After reviewing the draft report, the district contacted the federal grantor to clarify the terms of the agreement and received a letter from HUD allowing the \$86,811 in questioned costs. The report recommends that program personnel document review of expenditures before requesting payment approval from the district director.

### Audit Staff Update

In October, the Audit Division said goodbye to **Tom Haddock**, who left after 23 years to pursue an opportunity with the Idaho State Insurance Fund. **CPA Chris Farnsworth**, with the Audit staff since 1997, was promoted to the managing auditor position left vacant by Tom.

Three new staff auditors have joined the staff. **Brinton Croff** received his accounting degree from the W.P. Carey School of Business at Arizona State University in Tempe, Arizona, and previously worked for private firms in Phoenix. **Sally Fong** received her BA from Boise State University, with a minor in internal auditing. Sally has worked for various Boise business. **Lori Ellis**, another BSU graduate, most recently worked at the Idaho Public Utilities Commission.

*Staff Contact: Ray Ineck*

**Complete audit reports and 90-day follow-up reports are available on the Legislature's Web site:**

**[Legislative Audits](#)**

**Hard copies of audit reports are available upon request by calling the Legislative Audits Division at 334-4832.**

## Proposed Administrative Rules

### Health & Welfare, Department of

- 16.03.05 Eligibility for Aid to the Aged, Blind & Disabled
- 16.03.10 Enhanced Medicaid Plan Benefits

### Insurance, Department of

- 18.01.60 Long-Term Care Insurance Minimum Standards

### Occupational Licenses, Bureau of

- 24.15.01 ID Licensing Bd. Prof. Counselors & Therapists

*Staff Contact: Charmi Arregui*

## New to the Legislative Reference Library

### Special Office of Performance Evaluations Edition

Following is a list of the 2004-2006 OPE evaluations, reports and reviews, all of which are available for photocopying in the Legislative Reference Library under call numbers 352.439796 I 04-02 through 352.439796 I 06-08F. They are also available upon request to OPE and on the [OPE Web site](#).

**Higher Education Residency Requirements**, Report 04-02 and Follow-up Report 06-07F

**Management of State Agency Passenger Vehicles**, Follow-up Report 04-01F

**Public Works Contractor Licensing Function**, Report 04-02F and Follow-up Report 06-01F

**Timeliness and Funding of Air Quality Permitting Programs**: Follow-up Reports 04-03F and 06-03F

**School District Administration and Oversight**, Report 04-03 and 06-05F

**Strategic Planning and Performance Measurement**, Report 04-04

**Idaho Child Care Program**, Follow-up Reports 04-04F and 06-02F

**Idaho's Medicaid Program**, Follow-up Report 04-05F

**Public Education Technology Initiatives**, Report 05-01 and Follow-up Report 06-06F

**Management of Correctional Data**, Follow-up Report 05-01F

**Use of Social Security Numbers for Drivers' Licenses, Permits and Identification**, Report 05-01HTD

**Child Welfare Caseload Management**, Report 05-02 and Follow-up Report 06-08F

**Idaho School for the Deaf and Blind**, Report 05-03

**State Substance Abuse Treatment Efforts**, Report 05-04

**Management in the Department of Health and Welfare**, Report 06-01

**Idaho Student Information Management System (ISIMS): Lessons for Future Technology Projects**, Report 06-02

**Fiscal Accountability of Pupil Transportation**, Follow-up Report 06-04F

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## Legislative Perspective

*An Internet Newsletter —*

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